

## April 2010 Unaudited Financial Summary

Presented during the May 25, 2010 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the April 2010 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas in April. New development continued to show some gains on Daniel Island where 94 water accounts were added during the same period – a 3% increase. The number of accounts billed in West Ashley increased by 250 accounts. The overall number of water accounts billed increased from 106,183 to 106,499 representing a 0.30% increase. The retail wastewater accounts billed increased from 47,762 to 47,985 reflecting an increase of 223 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated an increase in the number of new service applications. The number of new service applications in April increased by 55 to equal 134 total requests for water service – a 70% change. The year-to-date installations total 433 and are projected to be 1,299 for the year based on the current trend. This will be a slight increase over the 2010 results. The water pumped into the system from the Hanahan Water Treatment Plant was 10% below last year's total.

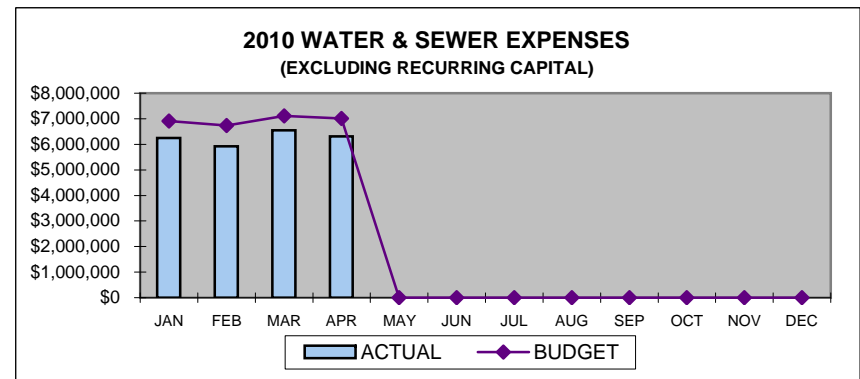
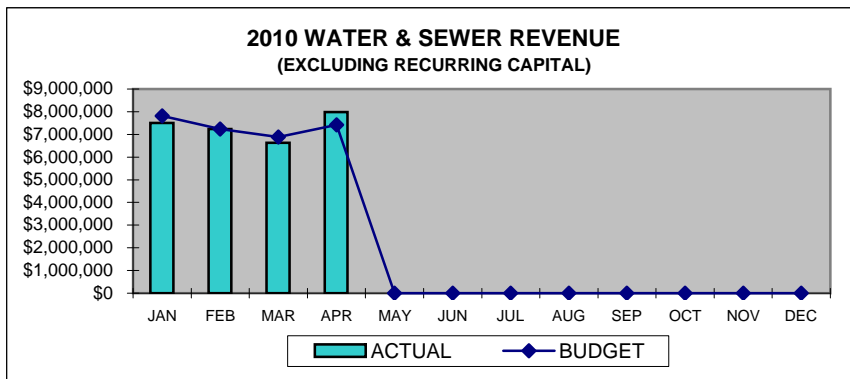
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 6% in April 2010 to equal \$461,820. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$195,925 which decreased by \$65,105 from 2009. Sales to Dorchester County, our second largest customer, totaled \$114,941 representing an 18% decrease as a result of changing several of their accounts to the municipal wholesale rate. Retail water sales increased by 4% when compared to the same period sales in 2009. Retail wastewater sales were 7% above 2009. Mr. Ropp noted that the year-to-date impact fee collections were up over 2009 and totaled \$1,021,812 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 8%. Water sales were over budget by 7% or \$266,289. Wastewater sales were over budget by 3% or \$117,616. Income from all sources was over the monthly revenue budget by \$562,750. Water and wastewater expenses were under budget by \$331,567 (14%) and \$160,995 (9%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$211,856 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 151% for the year. This ratio exceeds our budget of 141%.

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
FOR THE MONTH OF APRIL 2010**

5/19/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,858,864	\$4,125,153	\$266,289
2	WASTEWATER SALES	3,578,491	3,696,107	117,616
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(526,002)	(486,007)	39,995
4	NET SALES REVENUE	<u>6,911,353</u>	<u>7,335,253</u>	<u>423,900</u>
5	OTHER UTILITY INCOME	390,827	562,435	171,608
6	DOD REVENUE	57,864	47,723	(10,141)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	39,200	(22,617)
8	<b>TOTAL INCOME</b>	<b>7,421,861</b>	<b>7,984,611</b>	<b>562,750</b>
9	CONTRIBUTED CAPITAL	686,631 (1)	686,631	0
10	COMBINED TOTAL INCOME	<u>8,108,492</u>	<u>8,671,242</u>	<u>562,750</u>
11	WATER O&M EXPENSE (2)	(2,385,176)	(2,053,609)	331,567
12	WASTEWATER O&M EXPENSE (2)	(1,736,030)	(1,575,035)	160,995
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,720,973) (3)	(2,720,973) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(6,842,179)</b>	<b>(6,349,617)</b>	<b>492,562</b>
15	NET DEBT SERVICE	(2,891,100)	(2,679,244)	211,856
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(\$1,624,787)</u></b>	<b><u>(\$357,619)</u></b>	<b><u>\$1,267,168</u></b>

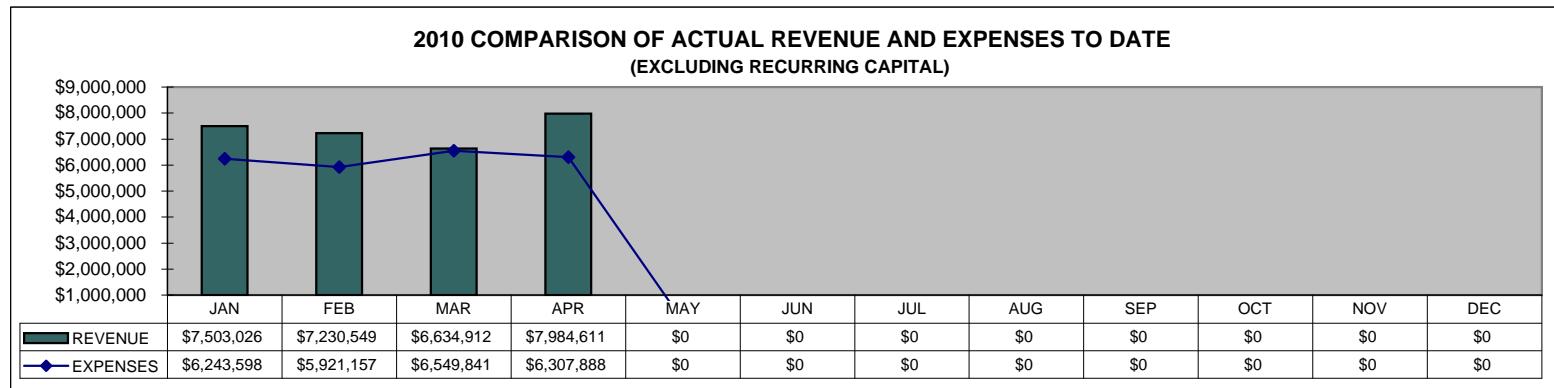


- (1) INCLUDES \$684,335 CONTRIBUTIONS & TAKEOVERS AND \$2,296 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$684,335 CONTRIBUTIONS & TAKEOVERS AND \$2,296 ENGINEER SERVICE FEES AND \$1,452,023 RECURRING CARRYOVER
- (4) INCLUDES \$684,335 CONTRIBUTIONS & TAKEOVERS AND \$1,250,058 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
YEAR TO DATE THROUGH APRIL 2010**

5/19/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$15,139,259	\$15,607,346	\$468,087
2	WASTEWATER SALES	13,937,080	13,431,948	(505,132)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(2,058,300)	(2,168,128)	(109,828)
4	NET SALES REVENUE	<u>27,018,039</u>	<u>26,871,166</u>	<u>(146,873)</u>
5	OTHER UTILITY INCOME	1,871,560	2,137,247	265,687
6	DOD REVENUE	225,670	183,915	(41,755)
7	INVESTMENT INCOME - OPERATING FUNDS	247,267	160,770	(86,497)
8	<b>TOTAL INCOME</b>	<b>29,362,536</b>	<b>29,353,098</b>	<b>(9,438)</b>
9	CONTRIBUTED CAPITAL	899,664 (1)	899,664	0
10	COMBINED TOTAL INCOME	<u>30,262,200</u>	<u>30,252,762</u>	<u>(9,438)</u>
11	WATER O&M EXPENSE (2)	(9,308,282)	(8,217,913)	1,090,369
12	WASTEWATER O&M EXPENSE (2)	(6,891,719)	(6,156,482)	735,237
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(5,148,098) (3)	(5,148,098) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(21,348,099)</b>	<b>(19,522,493)</b>	<b>1,825,606</b>
15	NET DEBT SERVICE	(11,564,400)	(10,648,090)	916,310
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(2,650,299)</b>	<b>82,179</b>	<b>2,732,478</b>
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	59,459,303	59,459,303	0
18	TRANSFERS TO OR FROM OTHER FUNDS	(17,000,000)	(17,000,000)	0
19	<b>CUMULATIVE NET BALANCE AVAILABLE</b>	<b>\$39,809,004</b>	<b>\$42,541,482</b>	<b>\$2,732,478</b>



- (1) INCLUDES \$892,929 CONTRIBUTIONS & TAKEOVERS AND \$6,735 ENGINEER SERVICE FEES
- (2) INCLUDES \$365,000 (\$182,668 WATER & \$182,332 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$892,929 CONTRIBUTIONS & TAKEOVERS AND \$6,735 ENGINEER SERVICE FEES AND \$1,932,144 RECURRING CARRYOVER
- (4) INCLUDES \$892,929 CONTRIBUTIONS & TAKEOVERS AND \$1,957,848 RESERVED FOR CAPITAL IMPROVEMENTS